

## Message Text

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ACTION MMO-02

INFO OCT-01 EUR-12 ISO-00 SP-02 ICA-11 AID-05 EB-08  
 NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00  
 COME-00 FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03  
 LAB-04 SIL-01 L-03 H-01 PA-01 A-01 /099 W  
 -----061392 191955Z /43

R 181440Z APR 78

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 5475

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DEPT PASS TREASURY FOR SYVRUD

E.O. 11652: N/A

TAGS: EFIN ECON PO

SUBJECT: PORTUGAL'S 1978 CONSOLIDATED PUBLIC SECTOR BUDGET

REF: (A) LISBON 2798, (B) LISBON 2016

1. GOP OFFICIALS HAVE PROVIDED THE FOLLOWING DATA SHOWING  
 WHAT THE GOVERNMENT ANTICIPATES WILL BE THE ACTUAL RESULTS OF  
 THE PUBLIC SECTOR'S FINANCIAL OPERATIONS IN 1978. THE GOP IS  
 USING THESE DATA IN ITS CONVERSATIONS WITH THE IMF.

### CONSOLIDATED BUDGET OF THE PUBLIC SECTOR 1/ (BILLIONS OF ESCUDOS

1977	1978	1978
ESTIMATED	BUDGET	ANTICIPATED
RESULTS	AUTHORI-	RESULTS
	ZATIONS	2/

CURRENT RECEIPTS	173.6	225.9	225.9
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DIRECT TAXES AND CONTRI-

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### BUTIONS TO SOCIAL SECURITY

SYSTEM	80.5	107.2	107.2
INDIRECT TAXES	82.1	106.3	106.3
TRANSFERS	11.0	12.4	12.4
CURRENT EXPENDITURE	182.1	230.8	22.6
GOODS AND SERVICES	95.0	115.7	110.8
SUBSIDIES	21.7	29.1	28.3

TRANSFERS	53.9	60.3	58.5
INTEREST ON PUBLIC DEBT	11.5	25.8	25.0
CURRENT BALANCE	-8.5	-4.9	3.3
CAPITAL EXPENDITURES	41.5	59.1	56.8
FIXED CAPITAL FORMATION	31.9	42.4	40.6
CAPITAL TRANSFERS	7.9	6.3	6.0
NET LENDING	1.7	10.4	10.2
CAPITAL RECEIPTS	5.3	3.7	3.7
CAPITAL BALANCE	-36.2	-55.4	-53.1
OVERALL BUDGET BALANCE	-44.7	-60.3	-49.8
CHANGE IN CASH HOLDINGS	4.9	-5.6	-5.6
NET BORROWING	49.6	54.7	44.2
BORROWING REQUIREMENTS	54.9	62.7	52.2
COVERED BY:			
EXTERNAL BORROWING	2.2	5.0	5.0
BOND ISSUES	5.0	8.3	8.3
BANK CREDIT	47.7	49.4	38.9
(NET BANK CREDIT)	(45.2)	(45.5)	(35.0)

## FOOTNOTES

1/ - INCLUDES CENTRAL GOVERNMENT, LOCAL GOVERNMENTS, AUTONOMOUS FUNDS, AUTONOMOUS AGENCIES, AND SOCIAL SECURITY,

2/ - APPROVED BY NATIONAL ASSEMBLY ON 4/14/78

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2. COMMENT: GOP PROJECTION OF EXPECTED, ACTUAL 1978 RECEIPTS AND EXPENDITURES APPEARS FAIRLY REALISTIC IN GLOBAL TERMS. ON THE RECEIPT SIDE, EXPERIENCE OF THE LAST SEVERAL YEARS SHOWS THAT GOP BUDGET SUBMISSIONS HAVE CONSISTENTLY UNDERESTIMATED REVENUES (EXCEPT 1975). DURING THE PAST TWO YEARS, ACTUAL RECEIPTS HAVE EXCEEDED BUDGET PROJECTIONS BY ABOUT 9 PERCENT.

3. THE PROJECTION OF ACTUAL TOTAL EXPENDITURES SEEMS REALISTIC, BUT THE MIX WILL PROBABLY DIFFER FROM THAT SHOWN ABOVE. ON INVESTMENT SIDE, OUTLAYS ARE UNLIKELY TO REACH 56.8 BILLION ESCUDOS UNLESS GOP INCREASES TRANSFERS AND SUBSIDIES. CURRENT EXPENDITURES, ON THE OTHER HAND, MAY WELL EXCEED THE PROJECTION. THE TRANSPORT SECTOR DEFICIT, FOR EXAMPLE, MAY BE SOME TWO BILLION ESCUDOS ABOVE THE LEVEL ASSUMED IN THE BUDGET. IN SUMMARY, BARRING AN EXCEPTIONAL BURST OF EXPENDITURES LATE IN THE YEAR OR SOME EXCEPTIONALLY NEGATIVE DEVELOPMENT, THE ACTUAL DEFICIT MAY BE SOME 50 BILLION ESCUDOS. GOP WILL, HOWEVER, HAVE TO CONTROL OUTLAYS VERY TIGHTLY TO ACHIEVE THAT TARGET.

BLOOMFIELD

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BUDGETS, DATA, CENTRAL GOVERNMENT, ECONOMIC TRENDS  
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**Copy:** SINGLE  
**Draft Date:** 18 apr 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978LISBON02932  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Reference:** 78 LISBON 2798, 78 LISBON 2016  
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**Review Content Flags:**  
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**Review Event:**  
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**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014